

To the Mayor and Members of CABINET

Disposal of land at Thellusson Avenue, Scawsby, (former Don View residential care home) for the development of new affordable housing

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Glyn Jones (Portfolio Holder for Housing)	Roman Ridge	Yes

EXECUTIVE SUMMARY

1. The purpose of this report is to obtain approval to dispose of land at Thellusson Avenue, Scawsby, (former Don View residential care home) for the development of new affordable housing designed specifically for older people aged 50yrs plus.
2. Disposal of the site will be to the Councils preferred partner Housing Association, Johnnie Johnson Housing Trust (JJHT) via a long lease (125 years) at a peppercorn rent (£1).
3. The land at Thellusson Avenue has been valued at £444,000 (March 2016), therefore the decision requires Cabinet approval due to Financial Procedure Rule (FPR) C17 as it represents a disposal at less than best consideration where the estimated disposal value would otherwise be at or above £250,000.
4. Despite the land being disposed at less than best consideration, the disposal is considered a good value net result for the Council. If the Council were to sell the land with a view of using the receipt to fund additional new homes, the value would only facilitate approx. 3-4 units (typically c.£100k per unit), which does not represent value for money; whereas the route described within this report will enable c.£3.91m investment into the borough and c.36 units of affordable housing which have been designed specifically to meet the needs of older people.

EXEMPT REPORT

5. The report is not exempt.

RECOMMENDATIONS

6. It is recommended that the Mayor and Cabinet:
 - a) Approve the disposal of the land at Thellusson Avenue, Scawsby to JJHT for the delivery of new older people's affordable housing.
 - b) Approve the disposal on a 125 year lease at a peppercorn rent.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Good quality, modern accommodation designed to meet the needs and aspirations of older people is a key Mayoral priority.
8. Disposing of the land will facilitate the provision of much needed affordable purpose built older peoples accommodation. The development will provide Doncaster residents with not only choice in terms of accommodation types but also choice of tenure.

BACKGROUND

9. The underpinning policy objective of the Councils Housing Strategy is the provision of good quality affordable housing for all sections of the community, including older people. The existing evidence base for Doncaster shows that there will be a long term growth of the population of older people and forecasts of increased demand for appropriate housing.
10. Thellusson Avenue is presently held within the General Fund, however remains vacant and required demolition prior to transfer. Demolition was undertaken as part of the Corporate Asset Disposal Programme via DMBC Assets and Property (Cabinet Decision U0421, Dec 2014) and was completed in March 2017. As a result Thellusson Avenue will be transferred to JJHT as a cleared site.
11. Thellusson Ave has been valued at £444,000 (March 2016). Despite the land being disposed of at less than best consideration, the benefit to the Council and locality is clear, as the disposal will facilitate c.£3.91m investment into the borough resulting in c.36 units of affordable housing. Conversely, if the Council were to sell the land with a view of using the receipt to fund additional new homes, the value would only facilitate approx. 3-4 units (typically c. £100k per unit). Therefore disposing of the land to JJHT in favour of their proposals would facilitate c. £3.91m investment into the borough along with the associated socio-economic benefits, such as council tax revenues, removal of management and maintenance costs to the Council; and the creation of local construction jobs, and an enhanced, improved local area.
12. The intended disposal route will be via a long lease (125 years) at a peppercorn rent (£1).
13. As part of the ongoing Affordable Housing Programme, Johnnie Johnson Housing Trust (JJHT), one of the Councils preferred partner housing associations, were approached to appraise the site for its potential

development suitability. JJHT, whose core business model is the delivery of older people's retirement living accommodation, deemed the site a viable option for new older peoples housing delivery.

14. Consequently, a development option has been drawn up in partnership with officers within Strategic Housing, proposing the following:
 - 36x2bed apartments
 - 18x Affordable Rent and 18x Affordable Shared Ownership
 - Total Scheme Cost: c.£3.91m - Funded via Homes and Communities Agency (HCA) Grant (c.£1.08m), and JJHT's own finance (c.£2.83m)

Any new schemes are subject to a satisfactory planning approval.

15. All new affordable housing schemes must have consideration of the impacts from welfare reform, namely the Local Housing Allowance (LHA) cap and under-occupation (bedroom tax) – which does not currently apply to pensioners. This site is no exception. Due regard will be given to affordability when setting rents and will be discussed with officers within Housing Benefit to ensure impacts of welfare reform are reduced. Proposed rent levels for the properties will be determined when proposals are firmed up but it is anticipated that they will be broadly in line with the Local Housing Allowance – currently £93.23 for a 2 bedroomed property.
16. It is anticipated that the majority of lettings will be made to people over retirement age. Where an applicant is below retirement age, a comprehensive financial assessment for potential new tenants will be carried out to ensure that rents are affordable and applicants will be fully apprised of the implications if they wish to take on a larger property than that which Housing Benefit will cover. JJHT are a responsible Registered Provider landlord with a significant number of affordable homes in management in Doncaster, and so it is imperative for them that their tenants are in a position to successfully sustain their tenancies.
17. Subject to this approval and subsequent additional viability appraisals the scheme may have to alter to include a number of one bed units into the overall unit mix. This could provide another mechanism to reducing the impacts of welfare reform by providing a number of smaller units for those applicants who are unable to afford a 2 bed unit.
18. The new homes are to be built using modern methods of construction, and will incorporate the Housing our Ageing Population Panel for Innovation (HAPPI) design principles, and Building for Life standards. In doing so ensures robust and sustainable design quality, to meet the needs of older people. The designs will incorporate a number of energy efficiency and sustainable design features such as energy efficient boilers.
19. Nominations will be via St Leger Homes (SLHD) waiting list and administered via the Choice Based Lettings (CBL) system. The Council will have Nominations Rights - 100% on first let and 75% thereafter and, should a Local Lettings Policy be implemented in the future, it would be implemented through this mechanism. Evidence for Doncaster shows there will be a long term growth of the population of older people and forecasts an

increasing demand for appropriate housing. Bidding data for each area suggests that there is a demand for housing designed specifically for older people aged 50yrs plus.

20. In September 2016, having worked closely with officers within Strategic Housing, JJHT submitted a bid for HCA funding from the Shared Ownership and Affordable Homes Programme 2016-21 (SOAHP); of which they were successful. Confirmation of the grant amount was received January 2017.
21. Shared Ownership is an affordable housing product under the SOAHP prospectus. Shared Ownership enables individuals to purchase a share in a new home while paying rent on the remaining unsold share.

OPTIONS CONSIDERED

22. **Option 1** - Dispose of the site to JJHT as detailed in the body of the report.

This option will enable the council to pursue the aspiration of developing additional older people's housing provision in the borough.

Option 2 - Sell the site for receipt.

If the Council were to sell the site with a view of using the capital receipt to fund additional new homes, the value would only facilitate approx. 3-4 units (typically c.£100k per unit). Furthermore, if the site was sold to a private developer the council could not guarantee that affordable units designed specifically for older people, of which there is a need for both within this locality, would be built.

Option 3 - Do Nothing.

If it is decided not to transfer the site to JJHT, then it would remain within the Corporate Asset Disposal Programme and options for its future use / or alternative disposal routes will be determined via the Assets Board.

REASONS FOR RECOMMENDED OPTION

23. This option enables the Council to work towards its aspiration for providing additional suitable older peoples accommodation, for which there is a current and expected future demand. It demonstrates that the council is able to provide greater choice and control to its residents who require this type of housing. This option has been agreed with Elected Members, Housing Portfolio Holder and the local Neighborhood Manager as the preferred option.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

24.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>Creation of new sustainable affordable housing for older people. During the development process additional jobs will be created for local people and local trades / suppliers.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>Modern older peoples housing to enable older people to maintain their independence for longer, along with health and wellbeing benefits.</p> <p>New housing is designed to be more cost efficient for residents.</p>
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>Accommodation will be designed in line with a range of industry best practice design guidance, to ensure quality developments are built.</p>
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>New homes will enable older people to remain close to existing family, friends and local community.</p>
	<p>Council services are modern and value for money.</p>	<p>Modern older people's accommodation support older people to live more independently unlike traditional sheltered / residential provision which is more costly.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	<p>The preferred option is the preferred one for all stakeholders.</p>

RISKS AND ASSUMPTIONS

25. Asset management implications are present. Vacant sites require regular maintenance and security. If left unused for a long period of time the site could potentially attract periodic anti-social behavior; causing a nuisance to the surrounding residents, which in turn would increase these costs to the Council.
26. If the site is not transferred to JJHT, the site will remain within the Corporate Asset Disposal Programme and options for its future use / or alternative disposal route will be determined via the Assets Board.

LEGAL IMPLICATIONS

27. Section 1 of the Localism Act 2011 provides the Council with the general power of competence, meaning that “a local authority has power to do anything that individuals generally may do.”

Thellusson Ave is presently held within the General Fund and Under s.123 of the Local Government Act 1972 the Secretary of State’s consent is required for the disposal of general fund land for less than the best consideration reasonably obtainable. Under Circular 06/03 the Secretary of State has given their consent to the disposal of non-housing/HRA land by local authorities for less than the best consideration reasonably obtainable provided that:

- (i) The difference between the consideration being received and full open market value does not exceed £2 Million

And

- (ii) the council is satisfied that the purpose of the disposal will contribute to the promotion or improvement of the economic, environmental or social well-being of the area.

The provision of Affordable Housing is considered to promote the social well-being of an area.

FINANCIAL IMPLICATIONS

28. Disposal via a 125 year lease on a peppercorn rent (£1) represents a disposal at less than best consideration. Where the estimated disposal value would otherwise have been at or above £250k, Financial Procedure Rules (FPR’s) require the Property Officer to prepare a report to Cabinet requesting approval to proceed with the disposal.

The site is currently split over four assets on the finance asset register with a net book value of £360k; they are all general fund assets. By giving up the land on a peppercorn rent, the Council is foregoing a potential capital receipt of up to £444k. The capital receipt would have been from a general fund asset and would have been used to fund current and future capital projects; it would not have to be used exclusively for additional new homes.

The disposal is of a cleared site. The Council has allocated £208k estimated budget (ODR) (actual spend £173k) of resources for the demolition of the buildings on site which took place in March 2017. This has already been included in the Council's capital programme and was dealt with by a separate ODR on the basis that it would realise £46k on-going revenue savings for holding costs. This has been factored into the Appropriate Assets savings target. A small proportion of that budget would still relate to the holding of a cleared site and would not be realised until the site is leased or otherwise disposed of. It is recognised that the clearance cost would have been incurred as part of overall scheme costs if the council had not already invested in this.

JJHT is a not-for-profit housing association who will be providing social housing on site. The development does not contain any properties for commercial sale; in essence the Council is providing land in order to receive the benefit of affordable housing units in the Borough. As such there should be no consequences in relation to state aid and there is no profit element to the viability of the development to demand a capital receipt from JJHT if used for this purpose.

Responsibility for the running of the completed development will fall to JJHT, so there are not expected to be any future revenue implications to the Council in relation to the affordable housing units in respect of running costs. Although the report refers to the units being accommodation to meet the needs of older people Project Officers have advised that this is purely an affordable housing scheme and that there are no additional care costs or rent issues that would create an additional cost to the Council, provided that rents are charged within the Local Housing Allowance (LHA) cap.

The Government has recently announced that the LHA cap for general needs social sector housing is due to be implemented in April 2019. This will set the maximum level of Housing Benefit (or housing cost element of Universal Credit) payable on these tenancies to the LHA levels in force at the time a claim is made. The current LHA rates for 1 and 2 bedroom accommodation are £78.08 and £93.23 respectively.

Under current rules, where there is a shortfall between the rent charged and the amount of Housing Benefit/Universal Credit payable, the tenant would be eligible to apply for Discretionary Housing Payments. The Council receives some Government funding for this currently although this is awarded on a year-by-year basis with no guarantees for future years.

As JJHT are a provider for older peoples housing it is recognised that they are fully aware of the implications of welfare changes on potential tenants.

HUMAN RESOURCES IMPLICATIONS

29. None.

TECHNOLOGY IMPLICATIONS

30. None.

EQUALITY IMPLICATIONS

31. The Public Sector Equality Duty (PSED) Due Regard Statement was created by the Equality Act 2010. The duty came into force in April 2011 and places a duty on public bodies and others carrying out public functions. The aim of the PSED is to embed equality considerations into the day to day work of public authorities, so that they tackle discrimination and inequality and contribute to making society fairer. 'Due Regard' is a legal term that requires proportionality and relevance. The weight given to the general duty will depend on how that area of work affects discrimination, equality of opportunity and good relations.

All housing developments supported by DMBC will be accessible depending on individual need. Such assessments will not discriminate against any applicant in any way and particularly due to any of the protected characteristics of the Equality Act 2010.

All DMBC Housing Association partners must maintain a commitment to the Act.

CONSULTATION

32. Consultation has been undertaken with Elected Members, the Local Neighbourhood Manager, Housing Portfolio Holder, and Housing Governance Board.

BACKGROUND PAPERS

33. None.

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